

STATE ALLOCATION BOARD

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**IMPLEMENTATION COMMITTEE MINUTES**

January 8, 2004

1020 N Street
Legislative Office Building, Room 100
Sacramento, CA

Members Present

Bruce Hancock, SAB
Lori Morgan, OPSC
Steve Newsom, CDE (Morning Only)
Fred Yeager, CDE (Afternoon Only)
Dave Doomey, CASH
John Palmer, CASBO
Mark Deman, LAUSD (Morning Only)
Beth Hamby, LAUSD (Afternoon Only)
Bill Cornelison, ACS

Dennis Dunston, CEFPI
Constantine Baranoff, SSD
Debra Pearson, SSDA
Dennis Bellet, DSA
Brian Wiese, AIA
Gary Gibbs, CBIA
Jay Hansen, SBCTC (Morning Only)
Lenin Del Castillo, DOF

Members Absent

None

The meeting on January 8, 2004 was called to order at 9:35 a.m. The minutes from the December 5, 2003 meeting were approved as written.

CHAIR REPORT

The Chair provided a status of the State Allocation Board (SAB) regulations impacted by the recent Executive Order, indicating that the exception requests for the regulatory tracts that addressed Critically Overcrowded Schools and the Joint Use Programs were approved. Since the remaining regulatory tracts provide a positive impact on business and the economic interests of the State, the Chair anticipates that the regulatory changes currently being reviewed will be approved.

The Chair also announced the denial of the exception request for the regulation that provided an adjustment for increased Labor Compliance Program (LCP) costs. This affects all districts that would have received LCP increases at the January 2004 SAB and beyond. The Office of Public School Construction (OPSC) will send a letter to all school districts affected by this change. At this point it is unclear how the SAB will fund LCP adjustments as required by law.

The Chair indicated that staff will consider the request that information regarding the regulatory tracts be made available on the OPSC Web site.

The Chair announced the implementation of a toll-free complaint line (1-866-869-5063) and preliminary response mechanism to comply with Senate Bill (SB) 892, which became effective January 1, 2004. Members raised several questions regarding the internal processes used to monitor restroom maintenance complaints. The Chair indicated that SB 892 is scheduled for presentation at the next Implementation Committee meeting.

LEASE LEASE-BACK (LLB) AGREEMENTS

In response to requests at the previous Implementation Committee meeting, the Chair presented his revised report, which will be presented to the SAB. The report outlines the public policy consequences relative to current interpretation of Education Code (EC) Section 17406. The report also includes pertinent law and samples of LLB competitive selection processes currently utilized by school districts. The purpose of the report is to seek the SAB's direction regarding the funding of LLB projects.

ADJUSTMENT TO THE NEW CONSTRUCTION GRANT FOR HAZARDOUS WASTE REMOVAL

Staff presented proposed regulations pursuant Assembly Bill 1008, which allows for an adjustment to the new construction grant for additional costs for hazardous waste removal. The adjustment can be made if, as a result of additional Department of Toxic Substances Control requirements, the actual amount paid by a school district for hazardous waste removal exceeds the amount of the grant apportionment for those purposes.

Concerns were expressed relating to the timeframe for reimbursement especially with respect to financial hardship districts. Although staff expressed concerns regarding sustaining the full and final apportionment requirements, staff will review the possibility for providing the mechanism for reimbursement before the final expenditure audit.

The law stipulates that the total adjusted apportionment for hazardous waste removal may not exceed the amount currently permitted in accordance with EC Section 17072.13 (the provision for the percentage cost cap for toxic site acquisition/clean-up). Staff clarified that the new construction grant would be adjusted in accordance with the funding cap in place at the time the application was received.

In response to a committee member request, this item will be presented for further discussion at the next Implementation Committee meeting.

CHANGES TO THE SFP JOINT-USE PROGRAM (SB 15)

Staff continued its discussion regarding three major changes to the Joint-Use Program, previously presented at the December Implementation Committee meeting. Additionally, staff clarified the method in which the transition between current and new regulations will occur, and included the final draft of the proposed regulations.

Alterations to Types

As staff stated previously, the new Type II allows for the construction of a new joint-use facility, the reconfiguration of existing school buildings, or both, in order to provide for certain minimum essential facilities (MEF). It was clarified that a facility to provide for pupil academic achievement (previously acceptable under Type I and Type III) is no longer acceptable under the new law, except under a grandfathering provision. In order for this type of facility to qualify under the grandfathering provision, plans and specifications must be accepted by the Division of the State Architect for review and approval prior to January 1, 2004.

Reconfiguration Defined and Proposed Implementation

After conferring with OPSC's legal counsel, staff has further expanded the definition of "reconfiguration" to include the replacement of displaced classrooms or other MEF. As it pertains to SFP Joint Use, "reconfiguration" is now defined as "remodeling an existing school building within its current confines and/or expansion of the square footage of the existing building, and any necessary replacement of displaced classrooms or other MEF."

Joint-Use Partner Contribution

Staff clarified that the state contribution for any joint-use project is fifty percent and that the matching share for financial hardship districts will not be provided by the State. Twenty-five percent is the minimum for the Joint-Use partner's contribution. In addition, the District can opt to pay up to the full 50 percent local share of eligible costs if the District has passed a bond, which specifies that the monies are to be used specifically for the purposes of that joint-use project. Staff further explained that the bond language needs to specify the Joint-Use project by name.

Application Submittals and Apportionments

In response to a question from the December 2003 Implementation Committee meeting, staff clarified that Joint-Use applications are funded on a yearly cycle; they will be approved by the SAB according to the funding cycle in which they are received, and are subject to the regulations in effect at the time of the SAB approval. A concern was raised by an audience member as to which version of the *Application for Joint-Use Funding* (Form SAB 50-07) to submit to the OPSC. Staff advised that the latest version of the Form SAB 50-07 can be found on OPSC's website and should be used when submitting an application.

Proposed regulations will be presented at the January 28, 2004 SAB meeting.

CHARTER SCHOOL FACILITY PROGRAM REGULATION AMENDMENTS

The discussion continued from the October, November and December meetings in implementing the changes to the Charter School Facility Program contained in SB 15. The discussion at this meeting focused on the primary outstanding issue, the establishment of funding caps for charter school projects. The Chair informed the committee of recent meetings (which have occurred since the December Implementation Committee meeting) in which the OPSC participated with the California School Finance Authority and several organizations in an effort to reach agreement on the total project funding caps. The proposal presented at the January Implementation Committee meeting reflected the consensus reached between the interested parties.

Due to the tight timeframes, and the absence of regulations available for review, there was a request to postpone the presentation of the item until the February SAB meeting. The OPSC agreed to look into the impacts of postponing the presentation of the item with its attendant regulations until that time.

ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 3:30 p.m. The next Implementation Committee meeting is scheduled for Friday, February 6, 2004 at 9:30 a.m. and will be held at 1020 N Street (Legislative Office Building), Room 100, in Sacramento, California.